

2006 Annual Report



UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME



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UN-HABITAT

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Foreword

The year 2006 marked the 30th anniversary of UN-Habitat. The United Nations convened the Habitat I conference in Vancouver in 1976 as governments began to recognise the consequences of rapid urbanisation, especially in the developing world.

At the time of the first Habitat conference in Vancouver in 1976, urbanization and its impacts were barely on the radar screen of a United Nations created just three decades earlier when two-thirds of humanity was still rural. In 1976, one-third of the world's people lived in cities. Just 30 years later, this rose to one-half and will continue to grow to two-thirds, or 6 billion people, by 2050. *Cities are now home to half of humankind.*

In many cities, especially in developing countries, slum dwellers number more than 50 per cent of the population and have little or no access to shelter, water, and sanitation, education or health services.

Large cities, also known as megacities, have a huge and well documented impact on the environment. This is clearly visible from space. Thanks to satellite images we can now see the impacts of pollution, overcrowding and slums, improper waste disposal, and the depletion of natural resources. On the ground, we can hear the noise, smell the pollution, and suffer the consequences of poor water and sanitation. There are few big cities today that do not have to cope with the social consequences of unemployment and poverty.

Much has been done since to place sustainable human settlements and the plight of the urban poor on the international agenda. The 64 recommendations adopted in Vancouver in 1976 were reconfirmed by world leaders in the *Habitat Agenda* – the global plan of action for adequate shelter for all and sustainable human settlements development in an urbanising world – at the Habitat II Conference in Istanbul, in 1996.

I am delighted to say that the growing global awareness of human settlements problems is what made our 30th anniversary and the Third Session of the World Urban Forum

such a resounding success. The Forum drew more than 10,000 people to its third biennial session, making it by far the most successful and biggest of the three gatherings held so far. This is thanks in large part to our hosts, the City of Vancouver and the Canadian Government, and of course our partners from around the world.

This exceptionally large attendance showed that people are increasingly concerned about the future of human settlements. Ministers, mayors, industrialists and slum dwellers from around the world joined us in Vancouver. All recognized that with their combined efforts can we overcome the problems of rapid and chaotic urbanization.

They gave us the impetus, the encouragement and their success stories to move ahead with our next highlight of the year – the work started on a new strategy to carry our agency through to the year 2013 as part of the overall reform of the United Nations system.

In keeping with the resolutions of various UN bodies, we worked hard to bring the urban dimension into the international climate change debate. This led to a robust cooperation programme with our sister agency, UNEP, so that together we can better promote conservation in both the built and the natural environment, and help offset the negative environmental impact of the global urbanisation crisis. After all, cities are the greatest polluters and contributors to climate change.

One could say that 2006 was an important year because it showed that powerful political interests around the world are starting to officially recognize sustainable urbanization as crucial to our common future. In 2006, the United States Senate held its first hearing on African urbanization and the



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The 100 years from 1950 to 2050 will be remembered for the greatest social, cultural, economic and environmental transformation in history – the urbanization of humanity. With half of us now occupying urban space, the future of the human species is tied to the city. How we plan and govern our cities will determine whether our collective future will be bright and sustainable or brutal and chaotic.

British Parliament held its first debate on urbanization in developing countries.

New Delhi, India marked another important highlight of the year when I joined the inaugural session of the new Asia-Pacific Ministerial Conference on Housing and Urban Development. I am delighted that Asia and the Pacific have now followed in the footsteps of Latin America and Africa in setting up new regional bodies to promote sustainable cities and the role of cities in attaining the Millennium Development Goals.

The fact that such international, regional and local political institutions take up the urbanization challenge helps create the necessary political will for change. Their gatherings in 2006 show that UN-HABITAT's campaigns of advocacy and awareness are making strong headway.

The 2006 State of the World's Cities Report provided the evidence that the battle for attaining the Millennium Development Goals will be won or lost in our towns and cities. It showed for the first time that urban growth is almost synonymous with the growth of slums. It showed that the urban poor are just as likely as their rural counterparts to suffer from malnutrition, hunger and disease. It has become patently clear that we must engage in concerted international, national and local action to improve the living conditions of the current 1 billion slum dwellers and to prevent their numbers swelling by another 400 million by 2020, in order fulfil our mission of security, development and human rights for all.

For this reason, a cornerstone of UN-HABITAT's new Medium-term Strategic and Institutional Plan is partnerships. We have no choice but to catalyze new partnerships between government, civil society and the private sector. We realized in drafting the plan that this is the only way to

finance infrastructure and housing at the required scale – the scale needed to stabilize the rate of slum formation, and subsequently reduce and ultimately reverse the number of people living in life-threatening slum conditions.

The mission of our new strategy may sound ambitious; it is in fact but the first step towards the overarching goal of sustainable urbanisation and as a social, economic and environmental contribution to peace, stability and sustainable development. It is an important first step that 1 billion people are counting on. Delayed action or failure to take action is not an option.

Anna Tibaijuka

Executive Director

Growing recognition for growing urbanization

When Mr. Ban Ki-moon moved in to take the helm of the United Nations from Mr. Kofi Annan at year's end, the word on everybody's lips at UN headquarters and beyond was *reform*. And it was in this spirit that UN-HABITAT spent considerable effort in 2006 consulting our partners in Government, local authorities and civil society to devise a new plan with a clear strategy on the way forward.

The Medium-term Strategic and Institutional Plan was designed in such a way so as to remain as flexible as possible and open to new ideas in a fast urbanising world where half the population already lives in towns and cities, and where that figure will rise to two-thirds by 2030.

Part of the overall reform of the United Nations, this plan covering the years 2008-2013, provides a new shared vision. It offers a way forward in five key areas of focus: advocacy, monitoring and partnerships; participatory urban planning, management and governance; affordable land and housing; environmentally-sound and affordable basic infrastructure and services; and, most importantly, strengthening human settlements finance systems.

As the only United Nations body vested with responsibility for promoting the sustainable development of the built environment, UN-HABITAT needs all the support it can garner for its new reform plan.

For UN-HABITAT the year 2006 was the year of growing political, recognition and better awareness of the global urbanization crisis.

The year 2006 marked another turning point for the UN-HABITAT mandate on implementing on Habitat Agenda, the Declaration on Cities and other Human Settlements in the New Millennium and targets 10 and 11 of the Millennium Development Goals: our research showed us that the global number of slum dwellers in the world was now reaching the 1 billion mark.

Such is the challenge in the rapidly growing cities of the developing world, that UN-HABITAT continued to develop and test innovative approaches to sustainable urban development

through technical assistance, capacity building and advisory services. The agency continued to raise the profile of urbanization challenges through its global campaigns on secure tenure and good urban governance.

The great moment of the year came in June, when the third session of the World Urban Forum in Vancouver, Canada, drew more than 10,000 people from 109 countries, making it by far the biggest of the three sessions held so far.

UN-HABITAT used the occasion of the Vancouver forum to launch its new Global Land Tool Network (GLTN) to help Governments and Local Authorities adopt and apply pro-poor, gender-sensitive land tools, and provide with new models on improving land management and tenure for poverty alleviation.

The year saw improved access by partners to information on human settlements and UN-HABITAT activities. This improvement is attributed an information strategy aimed at enhancing UN-HABITAT's profile and supporting the global exchange on information on human settlements.

Partnerships with local authorities, youth, women's groups and civil society representatives were promoted through global meetings and outreach activities. These included the Fourth Africities Summit of local authorities from Africa who met in the Kenyan capital, Nairobi, 18-24 September.

Reviews on UN-HABITAT activities and reporting have also improved as shown in three independent evaluations conducted during 2006.

The agency's Water and Sanitation Trust Fund contributed considerably to the achievement of the target 10 of the Millennium Development Goals on reducing the number of people without safe drinking water. The Water for African Cities

THE THIRD SESSION OF THE WORLD URBAN FORUM



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Drawing some 10,000 participants from over 100 countries, the Third Session of the World Urban Forum started a new drive to keep urban sustainability high on the national and local agenda in countries around the world.

Just as the Habitat I Conference in Vancouver in 1976 placed local community concerns on the international agenda and highlighted the critical importance of inclusiveness, the Forum in Vancouver, 30 years later, lived up to its promise of moving ideas to action.

The meeting symbolized inclusiveness, with balanced participation from public, private and civil society sectors. Compared to previous sessions of the forum, there was a notable increase in private sector participation.

This time, it was from Vancouver that a new message resonated: the urban population of developing countries is set to double from 2 to 4 billion in the next 30 years. In the same time span, the developed world's urban population is projected to rise by only 11 percent.

This means, said Ms. Katherine Sierra, Vice-President and Network Head, Infrastructure, World Bank, and Enrique Peñalosa, the former Mayor of Bogotá, Colombia, that the magnitude of urban population growth confronting developing countries is about ten times that of the developed world.

"In short, these 2 billion new urban inhabitants will require the equivalent of planning, financing, and servicing facilities for a new city of 1 million people, every week for the next 30 years," Ms. Sierra said. "Imagine," said Mr. Peñalosa, "that means a new city each week the size of Vancouver."

Vancouver 2006 also brought governments and municipalities closer to grassroots women's organizations, youth groups, the representatives of slum dwellers and other non-governmental organizations than ever before at such an international meeting, building on the precedent set by UN-HABITAT for more inclusive international meetings.

"In this interdependent world, opportunity and deprivation are interlinked," Mr. Kofi Annan, the UN Secretary General of the United Nations said in his message to the conference.

The quest for innovative ideas and practical solutions was underscored in the six Dialogues, 13 Roundtables and more than 160 Networking Events. Ministers, mayors, academics, community-based organizations, federations of non-governmental organizations, and the private sector shared their insights and experiences on what would improve the quality of life in the world's growing cities.

and Water for Asian Cities programmes were successful in supporting policies and helping devise new strategies to help the urban poor get better water and sanitation services. Taking water conservation to the school classroom, and assisting towns in Asia's Mekong Delta, and 25 million people living around Africa's largest lake, Lake Victoria, the programmes forged ahead. This is largely thanks to the valuable support and investment funding in the two regions of the Asian Development Bank, and the African Development Bank and other bilateral donors.

The agency also advanced on urban security and crime prevention by actively involving more local partners in many countries, especially among women's groups and youth at risk.

In 2006, the world witnessed a series of disasters that resulted in the dramatic loss of human life and property and the displacement of entire communities. Countless thousands of survivors lost their homes, their belongings and their sources of livelihood.

Bridging the gap between relief and development by combining the technical expertise, normative understanding and lessons learned through UN-HABITAT field operations, the agency continued to provide effective assistance to victims of the Indian Ocean tsunami and the Pakistan earthquake. Invited to join the Inter Agency Standing Committee (IASC) Working Groups in Geneva, UN-HABITAT participated actively with the IASC in the Humanitarian Response Review.

Advocating always the need to *build back better*, UN-HABITAT also conducted post-disaster rehabilitation and reconstruction programmes in Africa, Latin America and Caribbean. In Iraq, despite the conflict, the agency continued to implement its Urban Housing Rehabilitation Programme.

Helping governments and municipalities around the world find out how many people live in a given street or neighbourhood and surveying their needs is a function of

the agency's Global Urban Observatories (GUO). In 2006, UN-HABITAT's Local Urban Observatories grew to 113, and its national ones to 21.

By year's end the agency was working with 35 research institutions in round the world which have signed up to the global research network on human settlements (HS-Net) to help UN-HABITAT ensure that its data and research published in its flagship reports is reliable and up-to-date. In Vancouver, UN-HABITAT launched the third edition of its biennial *State of the World's Cities (2006/7)* report. This report brought to the attention of the world, not only the fact that there are now almost 1 billion slum dwellers living in poverty, but also the fact that they pay an urban penalty for being poor – because any basic services, be it water or cooking fuel, always cost the poor more per unit than wealthier people pay for the utilities delivered to their homes.

In 2006, 715 submissions for the Dubai Award for Best Practices to improve living environment were received, with increased African submissions.

More than 60 projects were assessed by UN-HABITAT's Programme Review Committee in 2006 to ensure that they incorporate gender policies honestly. A number of projects aiming at empowering women, entrepreneurs through housing development and land ownership have been most beneficial, especially in East Africa.

National and local capacities to address problems of urban poor have been enhanced. Over 80 countries in Africa, Asia, Latin America and Arab States were implementing new housing and urban infrastructure development projects in collaboration UN-HABITAT, UNDP, the European Commission, the World Bank, Regional banks and bilateral donors.

The visibility, coordination and performance of UN-HABITAT at country level also improved in 2006. This is evidenced by

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"In 200 years' time, people will look back on our cities of today as dangerous places, as London is sometimes conceived. They would look back on this period as a time, for example, when tens of thousands of children were killed by cars, and shudder with fear. The world has to create an urban environment conducive to human happiness, even though the developing world will not catch up with the wealthier nations for the next three to four hundred years. We need parks and cycle ways to minimize car use. Cities should be places where the public good prevails over private interests." – Enrique Peñalosa, former Mayor of Bogotá, Colombia, in his keynote address to the World Urban Forum.

WORLD HABITAT DAY 2006



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Cities around the world on 2 October marked the 2006 celebration of World Habitat Day, which was launched at a glittering waterfront ceremony in the ancient Italian city of Naples and climaxed with a special closing ceremony in the Russian city of Kazan two days later. The United Nations has designated the first Monday in October every year to reflect on how we manage our cities in the new millennium. The 2006 theme was, *Cities – magnets of hope*. In a keynote address, Mrs. Tibaijuka paid special tribute to Italy, a major donor to UN-HABITAT, for supporting a massive post-war housing programme in Serbia, and projects in Africa. She said it was essential that policymakers understand the power of the city as a catalyst for national development. Cities had to be able to provide inclusive living conditions for all their residents. Rich or poor, everyone has a right to the city, to a decent living environment, to clean water, sanitation, transport, electricity and other services. “How we manage this is arguably one of the greatest challenges facing humanity,” Mrs. Tibaijuka said. The highlight of the occasion was the presentation of the 2006 World Habitat Awards by Building and Social Housing Foundation, and the annual UN-HABITAT Scroll of Honour Awards.

THE 2006 SCROLL OF HONOUR AWARD WINNERS

The National Cities Conference Programme, of the Ministry of Cities in Brazil, was awarded for impressive work in promoting the participation of ordinary people in urban policy-making.

The Yangzhou Municipal People’s Government in China’s Jiangsu Province was awarded for conservation of the old city and improving the residential environment.

The French firm Veolia Environnement and the Governorate of Alexandria were awarded for exemplary public and private sector collaboration in Alexandria’s solid waste management.

Cardinal Renato Martino, President of the Pontifical Council for Justice and Peace, was personally awarded with the 2006 Habitat Scroll of Honour for his tireless work to help improve the plight of slum dwellers around the world.

Pag IBIG Fund based in the Philippines was nominated for making the dream of affordable housing a reality for hundreds of thousands of households. The fund was set up in 1979 and sustained for 27 years.

Yaroslavl City Administration in central Russia was cited for delivering high quality fresh water to its entire population.

increased number of requests from Member States for technical assistance and advisory services. In a fitting climax to the year, the first Asia-Pacific Ministerial Conference on Housing and Urban Development (APMCHUD), unanimously adopted a new mechanism setting up a permanent secretariat. More than 35 ministers from the Asia-Pacific agreed in the Enhanced Framework on four pillars for better cities – pro-poor urban

governance and planning, slum upgrading, the delivery of the Millennium Development Goals on water and sanitation, and financing sustainable urbanisation. Like the similar regional conferences already established in Latin America and in Africa, the governments agreed to meet regularly at the regional level to keep growing urban poverty high on the agenda, and hold one another to account.

Better information

Information is the key to getting proper policy in place. It is key to ensuring that programmes work properly. It is key keeping the public, the municipalities and national governments aware of how many people live in a street, a neighbourhood, a city, and what their problems are. How many people are without piped water at home? How many slums have any water services at all? Electricity. Cooking Fuel. Sanitation. Light at night. All have an impact on health, crime, and urban wellbeing. Such information is key for the urban planner, the social worker, the municipality and the central government.

There was a time when rural poverty was the most common face of destitution. Today, urban poverty is just as intense, and with most people in the world living in towns and cities, the problems have grown worse. Information and public awareness are vital weapons in the battle for sustainable cities.

The information comes in several forms – in UN-HABITAT's training and capacity building, in its flagship reports and publications, through its website, the media, and its research and monitoring, each serving different, but highly influential audiences.

Flagship reports, publications, the internet and the media

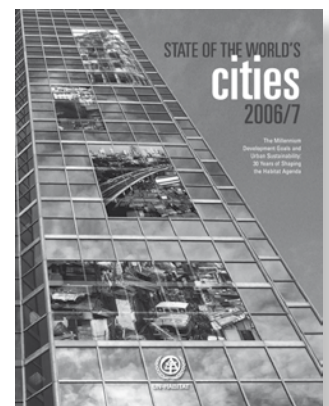
Thirty-five research institutions, all members of the new Global Research Network on Human Settlements, HS-Net, contributed to the *State of the World's Cities (2006/7)*, which was publicly launched at the Third Session of the World Urban Forum in Vancouver. The report, published every two years, marks the dawn of the urban millennium in 2007.

It breaks new ground in the area of urban data collection, analysis and dissemination. For the first time in the history of the United Nations, urban data is reported here at *slum* and *non-slum* levels, going far beyond the traditional urban-rural dichotomy. UN-HABITAT's intra-urban data analysis – involving disaggregated data for more than 200 cities around the world – takes this work further and provides detailed evidence of

urban inequality in the areas of health, education, employment and other key indicators. The findings of this report are unfolding a new urban reality that needs to be urgently addressed by pro-poor and gender-sensitive urban policies and legislation.

In 2006, the agency also published the second edition of its report, *Water and Sanitation in World's Cities (2006)*, which focuses on the needs of secondary towns in developing countries. Some of its findings were disseminated further in the *World Water Development Report (2006)* published by UN-Water.

The agency also produced four issues of its flagship quarterly magazine, *Habitat Debate*, and produced 95 publications and brochures. Its website, unhabitat.org, as the agency main window to the world, is updated on a daily, and sometimes hourly basis. In 2006, the site was enhanced to allow easier access to all information by country and by theme. As a result, the number of publications distributed electronically via the website increased to some 25,000 copies per month, and the site was consulted 3.3 million times in 2006, up by over one million on the 2005 figure.

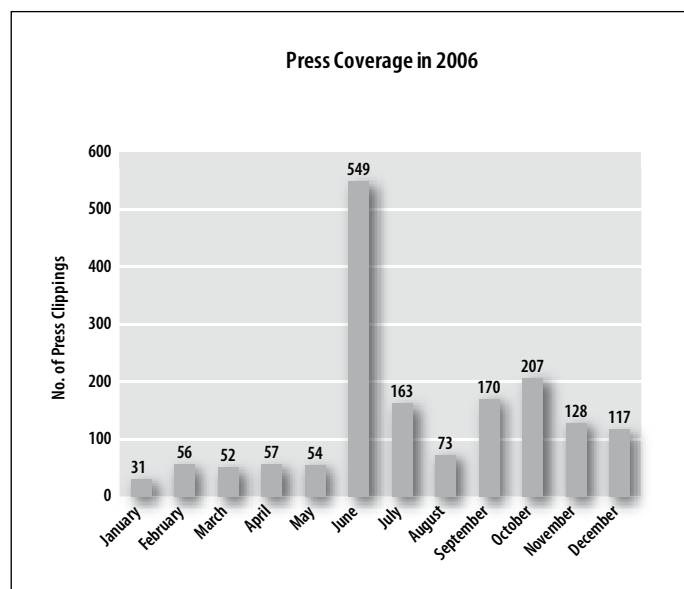
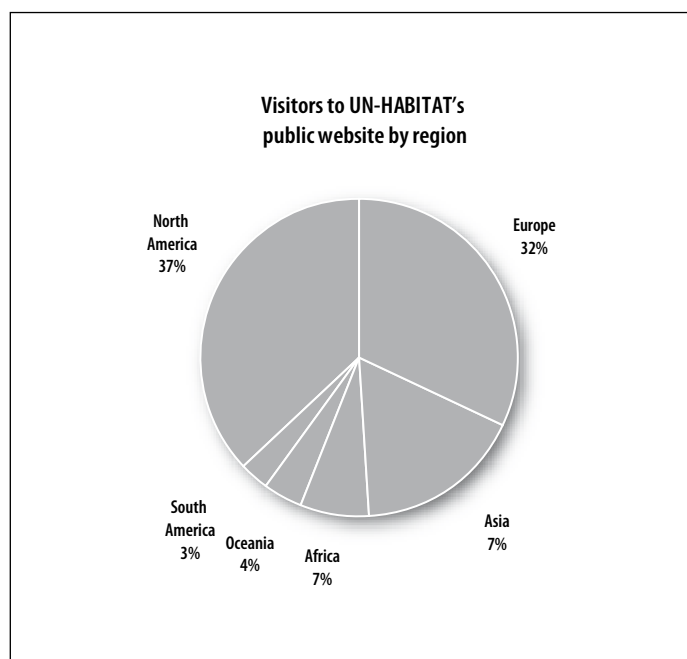


UN-HABITAT bolstered its collection at the Sergio Vieira de Mello UN Library in Nairobi, and worked closely with its sister agency, UNEP to ensure that information and publications, both in printed and electronic form on the built and the natural environment, are disseminated and shared as widely as possible.

Media coverage of UN-HABITAT and the human settlements agenda was more intense than ever in 2006, perhaps more so than at any other time in the past five years. The World Urban Forum saw a surge in reporting by the world's leading newspapers, magazines, television and radio stations. The media showed a keen interest in World Habitat Day events around the world, and the first Asia-Pacific Ministerial Conference on Housing and Urban Development. The media momentum was boosted by more than a score of personal one-on-one interviews the Executive Director granted in countries around the world. In one shining example of this outreach, Mrs. Tibaijuka was interviewed by BBC television news late in December. She gave the message that the year 2007 would mark the historic beginning of a new urban era: "With 50 percent of the human population living in the world's towns and cities, we are at the dawn of a new, irreversible urban era. This change is historic and it is irreversible. That figure is set to rise to two-thirds of humanity by 2030..." The BBC filmed this interview on the rooftop balcony at UN-HABITAT headquarters. And it was broadcast around the world as the very first item of world news on New Year's Day.

Monitoring urban poverty alleviation

Getting accurate information on urban conditions is always complicated. As the agency charged with monitoring the global progress on the water and slum target of the Millennium Development Goals, UN-HABITAT's Global Urban Observatory network grew larger in 2006 playing a more important role than



ever. Using the latest satellite imagery, it has been able to help governments and municipalities in many countries improve their planning and management.

The network of Local Urban Observatories in 2006 grew to 113 at the municipal level, and to 21 urban observatories at the national level. The Global Urban Observatory began partnering with local and national officials in selected countries to develop systems for urban data collection that are relevant and globally linked. The process entails setting up local, national or regional urban observatories to produce, analyze and disseminate important urban data for local and other decision makers.

Such has been the success of the system that by year's end, another 50 observatories were in the inception phase, and more than 100 requests for new observatories were being processed.

The system has been highly successful in helping a municipality know, for example, how many people live in a given neighbourhood, and how many are without basic services. At the national level, the reports can show the central government a map of a town upcountry showing precisely what its needs are in terms of hospitals, or schools, to cite another example.

As a result of increased awareness, many national governments have accepted UN-HABITAT's slum definition for their own reporting progress in achieving the Millennium Development Goals.

The success of the Global Urban Observatory system is also borne out by the fact that many countries, cities and towns in 2006 were using UN-HABITAT's methodology to report their progress on the Millennium Development Goals. In 2002, no countries did this.

The aim of monitoring has been to look at progress on the goals, the Habitat Agenda, and the Johannesburg plan of action on slums, safe drinking water and sanitation and to help cities, towns, and neighbourhoods get all the information they can to determine as precisely as possible their needs.

POPULAR TITLES 2006

Title
State of the World's Cities 2006/7
Financing Urban Shelter - Global Report on Human Settlements 2005
The Global Report on Human Settlements 2001: Cities in A Globalizing World
Local Elected Leadership Series (LEL) - Key Competencies for Improving Local Governance
Challenge of Slums - Global Report on Human Settlements 2003 (THE)
State of the World's Cities 2004/2005 - Globalization and Urban Culture
Meeting Development Goals in Small Urban Centres - Water and Sanitation in the World's Cities 2006
Tools to Support Participatory Urban Decision Making

Best practices, gender and youth

The agency's monitoring work also includes building a data base of good ideas and solutions that others can replicate. UN-HABITAT's repository of Best Practices grew from about 1,900 in 2005 to over 2,600 in 2006, from 140 countries. More than 700 entries from around the world for the Dubai Award for Best Practices to improve living Environment were received. Thanks to the lobbying work of the agency's in-country Habitat Programme Managers, there was a notable increase in African submissions.

The year was marked by a concerted effort to ensure that gender concerns were incorporated through the agency's work programmes. In 2006, the UN-HABITAT Programme Review Committee assessed more than 60 projects to ensure gender was properly integrated.

"The right of women to own and control property, and in particular their right to inherit it from their parents, is now a widely publicized matter, and numerous campaigns at national and international levels have taken up the cry and developed methods of bringing about change," said Diana Lee-Smith, a founding member of the Habitat International Coalition Women and Shelter Network, who served as UN-Habitat's gender officer. In an article prepared for UN-HABITAT's 30th anniversary in Vancouver, she recalled: "When a senior UNEP official received a document in 1976 suggesting that the environmental concerns and conditions of women receive attention from his agency, he scribbled on the forwarding note, 'over my dead body'. I know because I had to process the note to its next destination..."

Thirty years later in 2006, times had certainly changed.

Thanks to the generous support of Norway specifically to empower women, UN-HABITAT helped ensure that gender and women's concerns were brought into municipal development, local governance and post conflict reconstruction in cities and local governments in Africa, Latin America and the Caribbean.

In a world that is growing younger with youth in the 15-24 age group better educated than ever before, where they have a

better knowledge of the world around them than their parents could ever have hoped for, they also face unprecedented problems of poverty, discrimination and inequality. Thus 40 per cent of the world's 160 million unemployed people are young people in that age group, and most of them live in towns and cities. In sub-Saharan Africa alone less than 20 percent complete secondary school.

At a special youth summit in Vancouver on the eve of the World Urban Forum, UN-HABITAT appointed former Mozambique President, Mr. Joachim Chissano, as its Youth Ambassador to ensure that the concerns of young people remain high on the international agenda. The agency also moved forward urban crime prevention in 2006 by introducing its Safer Cities Programme to more countries. The list now includes 15 countries in Africa, Asia, Europe, Latin America and some the transition economies in eastern Europe. Key partners include the United Nations Office on Drugs and Crime. Following an agreement with UN-HABITAT at the Vancouver forum, Computer Aid International donated 15 computers to the agency's One Stop youth centre in Nairobi, Kenya.

Mrs. Tibaijuka paid a special tribute to former UN Secretary-General Kofi Annan, telling a global youth leadership conference in New York that she, like he, decried the continued marginalization of young people, especially those living in poverty. She said the poverty scourge was getting younger and more urbanized – meaning more and more young people in urban areas were being afflicted.

Twenty-five young people from the One Stop Youth Resource Centre in Nairobi graduated from the first ever Global Partnership for Environmental Entrepreneurship Programme sponsored by UN-HABITAT, Youth for HABITAT and the Environmental Youth Alliance.

"We must create opportunities for young people, offering them a credible alternative to the siren song of hate and extremism. We must give them a real chance to join in improving the world order, so that they no longer feel the urge to smash it," warned the former Secretary-General Kofi Annan in a parting speech to an audience in Istanbul, Turkey.

The global campaigns

The agency continues to raise the profile of urbanization challenges through its global campaigns on secure tenure and good urban governance. In 2006, the two campaigns increased regional and national awareness of urbanization problems.

The campaigns also raised advocacy at regional and global levels through ministerial conferences, meetings of local governments as well as the World Urban Forum. The campaigns have been brought into the agency's global programmes to develop capacity building manuals in budgeting, transparency, and other areas of improvement for local authorities.

DUBAI INTERNATIONAL AWARD

The 12 winners of the 2006 Dubai International Award for Best Practices to Improve the Living Environment were announced in Palermo, Italy on 25 November 2006 at a the meeting of the Euro-Mediterranean Partnership of Local and Regional Authorities. An international jury of experts chose 12 winners deemed to have made outstanding contributions to improving the quality of life in cities and communities. There were some 700 submissions for the 12 awards which each carry a US\$ 30,000 prize.

THE WINNERS

The establishment of a “Green brigade” team of 1,200 women to clean the streets of Ougadougou, Burkina Faso. A “Keep Ougadougou clean” project that provides regular employment to needy women while promoting cleanliness.

Village of Hope Rwanda, provides for basic needs, life skills and social amenities to disadvantaged women and orphans living in Kigali, especially HIV-positive women survivors of the genocide.

Saint Nicodemus chain of homes, Cameroon, A street children rescue and reintegrating programme that facilitates home placement, of underprivileged children in Douala.

Job Creation through Restoration of Historic Centres of Palestine. Riwaq-centre for architectural conservation provides opportunities for people to earn a living while at the same time promoting, restoring and preserving cultural heritage.

Ahmedabad Slum Networking Programme India. An infrastructure and service provision programme that improves the livelihoods of people living and working in Ahmedabad slum areas, with the active participation of the community.

Talisay Rivers for Environmental and Economic Sustainability Project, Philippines. Community-based resource management project that prevents soil erosion and encroachment into periphery land, and reduces flood risks.

Ha Tien - Habitats – Handbags, Vietnam. An innovative approach to conserving the Phu My wetland and providing income to the inhabitants of this part of the Mekong delta.

Parla’s Citizen’s Forum: We All Count. - Spain. Participatory planning and provision of social services in Parla, a marginalised suburb of Madrid.

Urban Management and Participative Governance: Neiva’s Commune10 – Colombia. A civic engagement, transparent and accountable approach to resource management in the Neiva Commune 10 slum.

Sustainable Solid Waste Management Programme in the City of Carhuaz, Peru. Community participatory approach to disposing solid wastes in an environmentally friendly manner.

For Best Practice transfers Rede Jovem de Cidadania – BeloHorizonte, Brazil. Youth citizenship network that uses the media for social dialogue, capacity building, diffusion and transfer of innovations to empower youth countrywide.

Grassroots Women International Academy (GWIA). An international mechanism that facilitates the collection, sharing, scaling-up and transferring of grassroots women’s best practices.

Promoting sustainable urbanisation

At a time the world is reaching the point where half the global population of the world is urban, reaching for a goal where cities are manageable, inclusive, safe and able to overcome the scourge of poverty, will remain the biggest challenge we face well into the foreseeable future.

Progress in 2006 is still being measured. It depends not only the political will of governments and local authorities, but just as much on the communities themselves, and the degree to which all consult one another.

The Water and Sanitation Trust Fund

Through its Water and Sanitation Trust Fund, UN-HABITAT has supported policies, strategies and programmes for increasing access of the urban poor to water and sanitation services. The two programmes, Water for African Cities and Water for Asian Cities, continued to help governments effectively manage the growing urban water and sanitation crisis.

The programmes are implemented in partnership with African and Asian Development Banks and other partners. In 2005, the Asian Development Bank signed an agreement with UN-HABITAT involving US\$1 billion for pro-poor water and sanitation investments in Asian cities. In 2006, a similar agreement was signed with the African Development Bank to support investments in pro-poor gender sensitive water and sanitation amounting to US\$540 million. In Africa, seven Memorandums of Understanding were signed with the governments of Cameroon, Burkina Faso, Ethiopia, Ghana, Mali, Nigeria, and Senegal.

As part of its work to reduce rapid urbanisation and the formation of large metropolis and mega-cities in least developed countries, the Trust Fund worked hard in 2006 to support Quick Impact Initiatives to achieve the Millennium water and sanitation targets in secondary towns within five years in two trans-national water basins of critical environmental importance. These are the Lake Victoria region in East Africa, involving 15 urban settlements and 1 million people in Kenya,

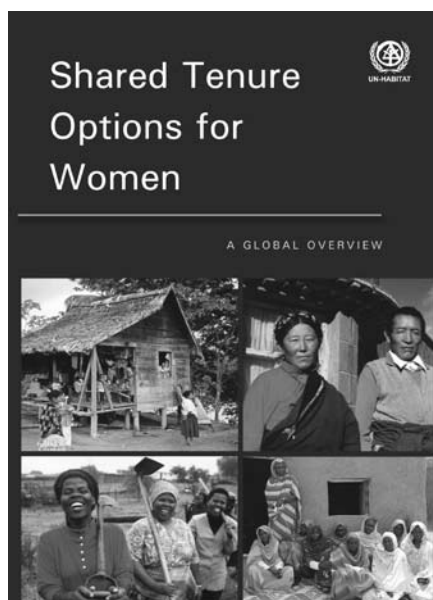
Tanzania and Uganda. The other is the Greater Mekong River Basin covering 12 urban settlements and half a million people in Cambodia, Laos and Vietnam. China and Thailand are also participating in the Mekong Delta project as supporting middle income neighbouring countries.

Both initiatives are being undertaken in close collaboration with the World Bank Group, the African and Asian Development Banks, and key bilateral donors. Both showed during the year that it is indeed possible to mobilise a wide range of partners to raise domestic and international capital to realise the water and sanitation and slum upgrading targets of the Millennium Declaration. They underline the critical contribution by, and the importance of working with, local authorities and civil society organizations, as re-iterated in paragraph 173 of the 2005 World Summit Outcome. They remain, however, demonstration initiatives and, as such, need to be scaled up significantly within the next five years in order to accelerate the implementation of these targets on a global scale.

The initiatives are focusing not only on achieving the water, sanitation and slum improvement targets within five years, but also ensuring the sustainability of the achievements made with donor support. As such, capacity building and management of municipalities and upgraded neighbourhoods, as well as water and sanitation services by the communities was given great emphasis during the year.

Land and housing policy

In 2006, UN-HABITAT was helping more than 30 countries (above the target set at 27) adopt new regulatory frameworks for the progressive realization of land, housing and property rights, including women's rights. Countries such as Brazil, Egypt,



SHARED TENURE OPTIONS FOR WOMEN

While independent forms of land and housing tenure may provide most security of tenure, the reality for the majority of women is that they cannot afford such independent access. Indeed, secure tenure depends on their relations with the husbands, fathers and other male relatives. Joint or shared tenure options, such as community of property, co-ownership of family land, family tenure, collective land rights for informal settlement dwellers, women's groups accessing land and housing, provide different levels of secure tenure for women in law and practice. This publication gives a global overview of marital property and co-ownership rights, both in legislation and in practice, while also seeking to map out more innovative forms of shared tenure that may benefit women.

Mexico, South Africa, Thailand and Tunisia have developed specific slum upgrading and prevention policies as an integral part of their national poverty reduction policies and strategies.

Other countries like Burkina Faso, Senegal and Tanzania have shown growing political support for slum upgrading and prevention and are working with UN-HABITAT to adopt frameworks for the progressive realization of land and housing rights. Increased awareness of, and sensitivity to, the plight of the urban poor and enhanced cooperation and partnership in slum-upgrading initiatives in line with the Millennium Development Goals is shown by an increasing number of countries working with UNHABITAT to introduce slum upgrading policies. A halt on evictions and improved security of tenure for the urban poor is critical. This means moving away from individual titling as the only approach towards a continuum of land rights.

Brazil and the Philippines, and 10 countries in Africa, adopted innovative approaches to security of tenure.

The sustainability of housing and land requires improved land management and land administration systems. UN-HABITAT's new Global Land Tool Network (GLTN) launched in 2006, is working to help strengthen the capacity of governments and local authorities to adopt and apply pro-poor, gender-sensitive land tools to improve land management and tenure tools for poverty alleviation. Key areas of focus include land taxation, land information and land administration.

At a high-profile meeting for the Development of Innovative Pro-poor Land Tools in Norway (March 2006) funding of US\$3,000,000 was allocated to the initiative. The network represents a collaborative effort among UN-HABITAT partners such as the World Bank, FAO, the Huairou Commission, Shack Dwellers International, the International Institute for

Geo-Information Science and Earth Observation (ITC), the UN Regional Commissions and others.

In 2006, the agency produced 12 publications covering the globe, the Latin American Region, Muslim countries, and the Southern African region in three languages as part of its normative work to ensure that complex land problems and rights, especially of women, are clearly understood at government and local level.

The urban environment

Cooperation between the United Nations Environment Programme (UNEP) and UN-HABITAT grew in 2006. In the spirit of the United Nations reform process, the two programmes are developing a strategic policy framework for long-term cooperation.

As a first step, the UNEP's Urban Environment Unit and the Urban Environment Section of UN-HABITAT started a joint work plan to strengthen cooperation and provide a more comprehensive menu of services to their clients. The idea is to give cities new technical assistance and tools on tackling urban environmental problems related from air pollution, transport, energy, climate change, ecosystem services, water and sanitation); promotion of linkages between local environmental agendas and global environmental issues; provision of technical support and capacity-building to local and national governments on global environmental challenges; and support to local governments on environmental assessments and other matters.

As a next step, all divisions of the two programmes were invited to contribute to the joint strategic policy framework with the aim of incorporating urban environmental considerations into the work of both programmes. The institutionalized body

for cooperation, the Joint Operation and Coordination Group, is well established and met once a month in 2006.

UNEP and UN-HABITAT broke new ground by starting to work on linkages between the local and the global environment. In this context a joint memorandum of understanding with ICLEI-Local Governments for Sustainability was signed that provides for the implementation of activities in the field of climate change and biodiversity.

UN-Habitat is also supporting UNEP in an initiative to improve the environmental dimension of Cities Alliance projects. Last year, cooperation has been consolidated in other areas of work. For example, urban environmental assessments were undertaken within the Global Environment Outlook (GEO) Cities initiative in Latin America and the Caribbean and in Africa. In the field of tools and publications, an urban air quality tool book in an interactive CD-Rom format was jointly launched at the third session of the World Urban Forum in Vancouver.

"Success on the urban environment front is critical in our planet's new urban age," UN-HABITAT Deputy Executive Director, Ambassador Inga Bjork-Klevby told a news conference at the United Nations climate change conference in November. "At the dawn of the urban age, the spatial dimension of environmental sustainability is also critical. We need to focus at the community, town and city levels to adapt to climate change. People are languishing in the slums and perishing there. Urban poverty is the symbol of failure in environmental sustainability."

Urban safety

Progress in 2006 towards improved security within cities through effective crime prevention strategies and improved capacity of cities has been realized through the UN-HABITAT's Safer Cities Programme. Its focus is to mobilize and encourage active participation of civil society organizations, women's groups and youth at risk.

An independent evaluation of the programme in 2006, revealed the significant contribution of the programme to

urban security and promotion of crime prevention approaches in a framework of good governance. The programme is now being applied in 15 countries in Africa, Asia, Latin America and in countries with economies in transition. Key partners include the United Nations Office on Drugs and Crime (UNODC) and UNICEF.

Young people in the quest for urban sustainability

In October 2006, Mrs. Tibaijuka paid a special tribute in New York to outgoing UN Secretary-General Kofi Annan. She told the UN Global Youth Leadership Summit: "Our beloved Secretary-General, Mr. Annan is stepping down after 10 years at the helm of the organization. The fact that member governments granted him two terms as Secretary-General is sufficient testimony to his great leadership! Let us applaud him!

"Mr. Annan leaves office decrying the fact that labour markets are having difficulty providing stable occupations with good prospects for young people, barring those who are highly trained. Without decent work, young people are susceptible to poverty, and crime. He leaves office urging us to pay more attention to education and, in particular, to the transition from education to employment." She said more and more young are people growing up in urban poverty.

"The exclusion of so many young people around the world from decision-making, education, health, and from basic services is both a violation of their human and civil rights, and a failure of sound economic policy," she said.

The Executive Director's statement called for the establishment of an urban youth fund to have a hands-on approach to youth initiatives, both at the normative and operational levels.

During the year, UN-HABITAT remained actively engaged with young people, working on the premise that as leaders of today and tomorrow, their views are of the utmost importance when it comes to overcrowding, education, health, unemployment, crime, and the whole range of urban

TAKING ON GENDER CONCERNS

The significant increase in human settlements programmes that incorporate gender is being achieved through the UN-HABITAT gender policy whereby every project proposal must take full note of gender concerns and build them into its work. For the year 2006, more than 60 projects and programmes surveyed by UN-HABITAT's Programme Review Committee were complying with the new policy – a figure well above the target of 27.

Even though gender is as much about men as it is about women, the agency worked hard to help empower women, especially those living in the shadows of urban poverty. Thanks to support from Norway, in 2006 UN-HABITAT worked to make more cities women-friendly in Africa, Latin America and the Caribbean. It was able to provide women various forms of support around the world in empowerment, ensuring their voices are heard, in housing development and land ownership, local governance and post-conflict and disaster reconstruction.

VANCOUVER – FLASHBACK TO THE FUTURE

1946 – 1976 – 2006

1946: It all started as a consequence of the World War II destruction of towns and cities across Europe and Asia. The first effective UN-led shelter programme was the distribution of blankets to those huddling in the ruins trying to survive the bleakest of winters. It was through the imagination and initiative of Yugoslavia's Ernest Weissmann and Ben Reiner, two young UN Relief and Rehabilitation Administration officials, that "blankets" became the first UN shelter programme. By the early 1950's Mr. Weissman, became the founding Director of the UN Centre for Housing, Building and Planning, the forerunner of UN-HABITAT.

1976: The United Nations convened the Habitat 1 Conference in Vancouver, Canada, in 1976. Leaders at the time were only too aware that rapid urbanisation was becoming a problem around the world in *human settlements* – the official UN parlance for towns and cities. And so the words a generation ago of Barbara Ward, the author and thinker who popularised the term, *Spaceship Earth*, look as if they could have been written today: "In the world at large, the millions will be born. The settlements will grow – in squalor and violence, or in work and hope. The whole world – linked by its communications, its airlines, its hijackers and its terrorists – has really only one choice: to become a place worth living in or face 'the way to dusty death'. And where else do people live save in their settlements? So where else is the salvation to begin?"



2006: Her prophetic statement is borne out by the fact that sustainable urbanisation is one of the most pressing problems now facing the global community. And UN-HABITAT's research in 2006 shows that *Spaceship Earth* is now 50 percent urban, with that figure projected to rise two-thirds by 2030. And the number of slum dwellers in those settlements is now set to top the 1 billion mark. Every week, the Vancouver 2006 forum was told, a city the size of Vancouver itself is being born – a city in need of services, funding, shelter, roads, rights, lights, and yes, *salvation*. Ms. Lindiwe Sisulu, South Africa's housing minister said these facts show why urban shelter is more pressing than ever: "Nothing defines the reality of the developing world more starkly than through this prism."

2036?

poverty problems in a rapidly urbanising world. The agency and its partners organized over 80 International World Urban Café discussions around the world to engage young people in person and electronically to solicit their views on the rapidly urbanising world. The climax event was a special youth summit which attracted 450 young leaders in Vancouver in June on the eve of the Third Session of the World Urban Forum.

By way of implementing its youth strategy, UN-HABITAT also worked hard to prepare the groundwork for the establishment of an Advisory Committee to develop a new fund to assist those young people deemed most needy – the boys, girls and young adults living in the squalor of slums. The Advisory Committee would also incorporate their concerns across all UN-HABITAT work programmes in much the same way it ensures that gender integration.

By year's end, the number of UN-HABITAT 'One-stop' youth information centres had increased to four, all of them in Africa with a potential to expand to Asia and Latin America.

Enhancing capacities

In 2006, UN-HABITAT supported more than 20 national and regional training and capacity-building institutions to enhance their impact in meeting present and emerging training and capacity-building needs in sustainable human settlements development. This support was mainly delivered through (a) the development and adaptation of training tools, focusing on innovative thematic areas of human settlements; (b) sub-regional Training of Trainers workshops to disseminate these tools and create conditions for scaling up their application; and (c) strengthening linkages between demand and supply

in human settlements capacity building, through institutional development support and networking. Close to 500 trainers, elected leaders and human settlements practitioners benefited from 12 sub-regional and national training events.

Highlights of 2006 included a Training of Trainers course on Local Elected Leadership (LEL), entitled “Key Competencies for Improving Local Governance” in Suva, Fiji, for the South Pacific Region. Organized in collaboration with the Commonwealth Local Government Forum, it was aimed specifically at local leaders to help build systems and capacities that reflect the principles of governance. This course sparked off local leadership capacity building activities with Town Mayors and City Officials in eight South Pacific countries. Similar courses were held in Delhi, India, for the South Asia Region and in Pretoria for East and Southern Africa. The latter course led to promising national follow-up in Ethiopia, Lesotho, Mozambique, Namibia and South Africa. These programmes are showing results in terms of enhanced leadership skills and changing attitudes.

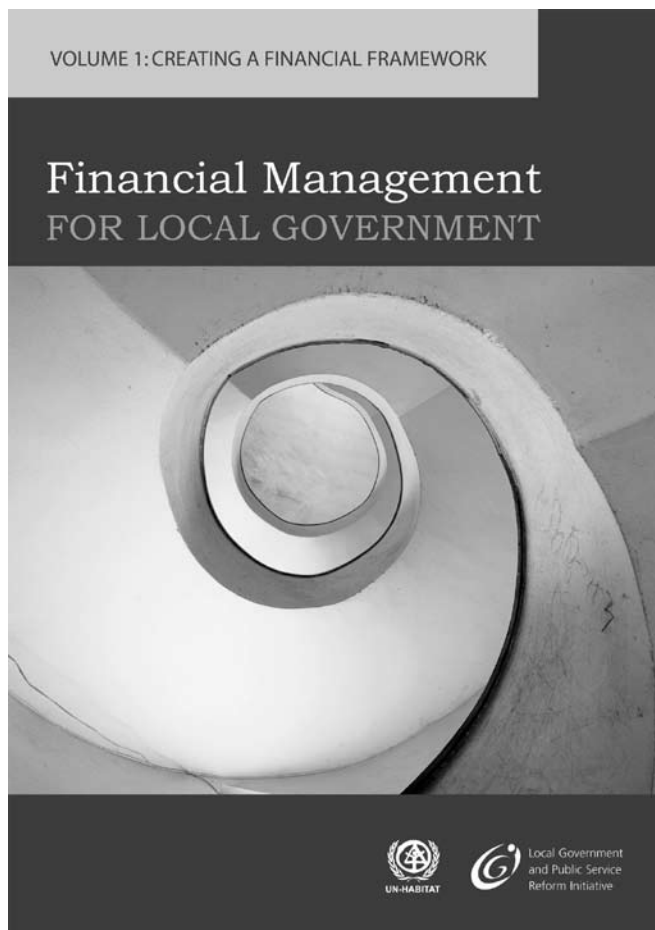
Regional training workshops on Local Economic Development (LED) through Strategic Planning were held in Nyeri, Kenya for the East African Region, in Cairo, Egypt for the Arab Region, and in Shanghai, China for the Asia and Pacific Region. These workshops drew participants from over 30

countries and led to a wide variety of national and local action plans focusing on collaboration between local governments, the private sector and community groups in stimulating local economic development. Local Economic Development training has also been delivered at a course in Turin, Italy, jointly organized with ILO and UNDP, and at a course jointly organized with the Weitz Centre in Rehovot, Israel.

UN-HABITAT provided methodological support and expertise to institutions wishing to improve the quality of Capacity Needs Assessments in the human settlements sector as well as enhance the impact tracking of training on the performance of local governments.

At the World Urban Forum, 10 learning events were organized in collaboration with UNDP and other partners. These highly successful events helped more than 400 forum participants acquire specific skills on particular aspects of sustainable urbanization.

In 2006, the agency produced a training manual entitled, *Restoring the health of your organization – A practical guide to curing and preventing corruption in local governments and communities*. It was developed in collaboration with the Open Society Institute and Partners Romania. Several other training manuals were translated and adapted to various languages and contexts.



The training tools developed by UN-HABITAT are generic in nature and suited for adaptation to varied regional and national contexts. They are developed through an extensive engagement of target beneficiaries, users and partners through strategy workshops, expert group meetings and field testing. The manuals are primarily designed for training purposes but can be used independently as handbooks, and reference materials by managers, professionals, and community leaders.

Each training manual is part of a series that includes concepts, strategies and training tools designed for group work, self-reflection and learning. Each series in turn is designed to cover different aspects of the subject matter in a modular fashion.

Operational activities and disaster response

At the end of 2006, UN-HABITAT had 150 technical cooperation programmes and projects under execution in 48 countries, of which the majority were in the least developed countries.

UN-HABITAT's operational activities help governments create and strengthen a self-reliant management capacity at both national and local levels. Technical and managerial expertise is provided for the assessment of human settlements development problems and opportunities.

In accordance with its work-programme, UN-HABITAT's operational activities focused on the following five priorities: (i) Promoting shelter for all; (ii) Improving urban governance; (iii) Reducing urban poverty; (iv) Improving the living environment; and (v) managing disaster mitigation and post-conflict rehabilitation.

Acting as a catalyst in the mobilisation of technical cooperation, UN-HABITAT continued to support the

implementation of the *Habitat Agenda* at the local, national and regional levels, as well as the goals of the *Millennium Declaration*.

In response to growing demands from developing countries, the organisation's technical cooperation activities have grown significantly. The operations include several large programmes in Africa, in Chad and Libya, post-tsunami reconstruction in the Indian Ocean rim countries, the Afghanistan programme in Asia, and the Iraq Programme in the Arab States.

These programmes are almost entirely funded by various bilateral and multilateral resources, or as in the case of Chad and Libya, through national cost-sharing. UN-HABITAT is fully committed to the goals of maximising the use of national

Southeast Asia once again topped the list of disaster impacts over the first 6 months of 2006: Eighty - five percent of deaths from natural disaster over this period occurred in southeast Asia.

There were 113 flood disasters representing all-time high of 65 percent of all natural disasters. The first semester average for the preceding 10 years was 58 floods, representing an average of only 36.5 percent of all natural disasters. In fact, floods constitute an increasingly large proportion of all disasters recorded in the EM-DAT database over the last 50 years.

Greater variations in precipitation due to climate change, together with an increase in the vulnerability of populations, highlights the need to shift our emphasis from disaster response to risk management.

Among extreme events, floods increasingly affect the livelihoods of rural people, setting back improvements in development in these areas by years. The upside of this situation is that floods are one of the disasters most amenable to prevention and mitigation. Time tested engineering techniques, many of which are low cost mechanisms and culturally appropriate, exist.



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UN-HABITAT is mandated, through the *Habitat Agenda*, to take the lead in disaster prevention, mitigation, and preparedness and post-disaster rehabilitation with regard to human settlements. Its Disaster Management Programme has been tasked to fulfill this mandate by helping governments, local authorities and communities strengthen their capacity in managing human-made and natural disasters. This applies both to the prevention and mitigation of disasters, as well as the rehabilitation of human settlements. It also creates awareness among decision makers and communities on mitigation and adequate rehabilitation in human settlements. It bridges the gap between relief and development by combining the technical expertise, normative understanding and lessons learned through UN-HABITAT field operations.



UN-HABITAT/S. FRICSKA

expertise and bolstering national execution and procurement from developing countries in its operational activities.

In 2006, more than 90 percent of UN-HABITAT's project personnel were national experts. By year's end, the agency employed a total of 35 Habitat Programme Managers around the world based in UNDP offices. Their job is to ensure that human settlements problems are kept on the national and local agenda, and also brought into all UN activities in their countries.

Disaster response

In 2006, the world witnessed a series of disasters that resulted in dramatic loss of human life and property and the displacement of entire communities. Countless thousands of survivors lost their homes, their belongings and sources of livelihood.

According to official UN figures, in 2006 alone, 117 million people around the world suffered from some 300 natural disasters, including devastating droughts in China and Africa, and massive flooding in Asia and Africa, costing nearly \$15 billion in damages. UN-HABITAT was active during the year helping rebuild homes and lives after conflict in Afghanistan, the Democratic Republic of Congo, Iraq, Kosovo, Lebanon, Rwanda, Serbia, Somalia, and Sudan.

The agency's Disaster Management Programme helped national governments, local authorities and communities strengthen their capacity against human-made and natural disasters. Always, in keeping with its mandate, the agency

sought to bridge the gap between relief and development by combining the technical expertise, normative understanding and lessons learned through UN-HABITAT field operations.

During the year, a growing number of experts warned at climate change conferences that mega-cities loom as giant potential flood or other disaster traps, especially for billions of the world's urban poor – always the most exposed and the most vulnerable.

In the cases of the Asian tsunami and the earthquake in Pakistan, the organization provided shelter reconstruction and policies related to humanitarian assistance and long term-development. Similarly, in the Latin America and Caribbean region, UN-HABITAT is involved in the formulation of post-disaster rehabilitation and reconstruction programmes.

Financing Human Settlements

UN-HABITAT worked hard at a new strategy during the year to strengthen the United Nations Habitat and Human Settlements Foundation. The UK Department for International Development (DfID), the Swedish International Development Agency (SIDA) and Norway contributed more than US\$10 million for pilot projects of the agency's Slum-Upgrading Facility. The Cities Alliance also promised US\$10 million. In addition, Guarantco a credit enhancement arm of the Private Investment Development Group also pledged to finance the Facility's pilot activities.

The aim of the Facility is to help poor people find the money to invest in their own housing and utility services. The facility is there to help poor communities borrow small sums from the private sector. It will also help municipalities and housing groups with the start-up capital to establish housing loan guarantees. It will help and advise poor people unable to get commercial loans.

It became clear that if we fail to achieve the Millennium Development Goals in towns and cities, we will simply fail to achieve them at all.

But it comes to down a question of helping as many people as possible. A cornerstone of UN-HABITAT's new

Medium-term Strategic and Institutional Plan is partnerships. During preparations for the plan in 2006, it was clear too that there was no choice but to catalyze new partnerships between government and the private sector.

Bringing in the private sector is the only way to finance infrastructure and housing at the required scale – the scale needed to stabilize the rate of slum formation, and subsequently reduce and ultimately reverse the number of people living in life-threatening slum conditions.

In a keynote address at the inaugural session of the First Asia-Pacific Ministerial Conference on Housing and Urban Development, Mrs. Tibajuka said: "We can assure you that small

Enhanced fiscal capacity of local governments is the capacity to do development work at a large scale. It is essential that cities are made to work for all citizens – equitably and efficiently. There are several actions important in the immediate phase that include:

- Fiscal decentralisation aimed at improving own revenue base of cities;
- Promoting land based revenue measures such as impact fees and valorisation charges to finance major infrastructure such as public transport;
- Empowering cities to undertake land development with a pro-poor focus;
- Enhancing the quantity and predictability of inter-governmental transfers, with special attention on output based aid and incentives for reform;
- Promoting credit rating of local governments;
- Rule and market based municipal borrowing frameworks; and
- Promoting efficiency in public expenditure.



The author, Kumari Selja, with Mrs. Tibaijuka, and President Abdul Kalam of India at the first Asia-Pacific Ministerial Conference on Housing and Urban Development in Delhi in December 2006.

UN-HABITAT/N.KIHARA

loans will not only be good returns on the investments made, but providing people with security of tenure, helping them own their homes, improve their neighbourhoods, makes for healthier and happier communities. The problems of crime, disease and unemployment are automatically reduced. It's a win-win situation."

This will require, in addition to sustained economic growth, direct and focused efforts to make cities more productive and socially inclusive.

Yet there is every likelihood that in the coming 20 years, conventional sources of funds will simply be unavailable for investment at the scale required to meet the projected demand for urban infrastructure and housing.

Many countries around the world continued to face deficits in public budgets and weak financial sectors. Local governments have started to seek finance in national and global markets, but this is only in its initial phase.

New mortgage providers have emerged, including commercial financial institutions and mortgage companies. But

only middle and upper income households have access to such finance, while the poor are generally excluded.

Although social housing is becoming less important in Europe and in countries with economies in transition, the need to provide shelter that is affordable to low-income households still exists.

The majority of urban poor households can only afford to build in stages, as and when financial resources become available. In response, microfinance institutions have started lending for low-income shelter development and have become very important in the last decade.

Guarantee schemes can, by providing credit enhancement, go far in broadening the appeal of microfinance institutions to lenders. Another important trend in the last decade is community funds, which are often linked to housing cooperatives as well as rotating savings and credit societies. Community-based financing of housing and services has been used for both settlement upgrading and for building new housing on serviced sites. These funds have many advantages

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*Muhammad Yunus, the Bangladeshi banker and Nobel laureate says:
 "Conventional banks look for the rich. We look for the absolutely poor." As he sees it, credit is a human right, enabling a person "to unwrap that gift of one's self and find out who he or she is." Yet the concept he pioneered has proved to be much more than kind-hearted charity: 99 percent of his Grameen borrowers repay their debts—despite the fact that they borrow without providing collateral—and the bank makes a modest profit.*

Ministers of housing and urban development from around the Asia-Pacific meeting pledged in a new declaration at year's end to build better, safer, more inclusive and sustainable cities in the world's most populous region. Winding up four days of talks at the first Asia-Pacific Ministerial Conference on Housing and Urban Development, they agreed to set up a permanent secretariat.

They adopted the *Delhi Declaration* and the *Enhanced framework of implementation for sustainable urbanisation in the Asia-Pacific* providing a new political blueprint for better managed, more inclusive and sustainable towns and cities across this region.

Kumari Selja, the Minister of Housing and Urban Poverty Alleviation, which hosted the conference said: "We must accept 'inclusion' of the poor as the core in all urban policies and programmes. My Ministry has been emphasising the need for 'inclusive zoning', 'inclusive planning' and 'inclusive cities and municipalities,'" she said. Acknowledging the huge scale of India's slum crisis, she said India would be glad to support a new forum for inclusive cities which would be a think-tank, comprising a bank of best practices in inclusive civic development and acting as an agent of change for pro-poor governance and service delivery in cities.

More than 35 ministers from the Asia-Pacific agreed in the Enhanced Framework on four pillars for better cities – pro-poor urban governance and planning, slum upgrading, the delivery of the Millennium Development Goals on water and sanitation, and financing sustainable urbanisation. Mrs. Tibaijuka told the conference the year 2007 would be the year in which for the first time, half of humanity will be living in towns and cities "We therefore have to use every means at our disposal to ensure a new era of urban-rural balance. UN-HABITAT's latest research shows that Asia is already home to half the world's slum population of 581 million," she said.

The preamble of the new Enhanced Framework for the Asia-Pacific states in part: "With half of humanity now living in towns and cities, the world has entered a new urban era. Cities create much of the pollution that causes climate change. The urban poor are particularly vulnerable to disasters. This makes many cities giant disaster traps. New thinking is needed so that countries in the Asia-Pacific region regard and treat their cities as living eco-systems."

for low income households because of the success of small loans and the increasing urbanization of poverty.

It was against this background, that UN-HABITAT conducted fact-finding missions in 2006 to east and west Africa, as well as south and southeast Asia to sound out local and government officials on the Slum-Upgrading Facility. The Slum Upgrading Facility in its design phase assessed the existing needs of Member States and partners in west Africa, east Africa and South Africa, and southeast Asia. The assessment led to development of formulation of the 3-year Pilot Programme (2005-2008). This involves pilot projects initiated in Ghana, Indonesia, Sri Lanka and Tanzania. Talks were held in Kenya and Uganda, to forge framework agreements between private sector, financial institutions, and urban poor communities, central and local governments to engage in slum upgrading and to increase the supply of affordable housing for low-income groups.

Resources

UN-HABITAT derives the majority of its income from voluntary contributions received from governments and inter-governmental donors. The organization also receives contributions from other partners such as local authorities, the private sector, multi-lateral organizations and other United Nations system organizations.

The three main sources of funding are:

- Regular Budget allocations which are approved by the General Assembly against the assessed contributions of Member States (core funding);
- General Purpose contributions towards the United Nations Habitat and Human Settlements Foundation (Foundation). These are the non-earmarked voluntary contributions from Governments for which the budget allocations are approved by the UN-HABITAT Governing Council and are allocated as per the agreed priorities (core funding);
- Special Purpose contributions which are earmarked voluntary contributions from Governments and other donors for the implementation of specific activities included in the approved work programme (non-core funding). These contributions fall into two major categories:
 - Contributions towards the Foundation;
 - Contributions for direct project execution at the country level i.e. Technical Cooperation contributions.

The total income received during the year 2006 amounted to approximately US\$135 million. Of this amount, US\$9 million was received from the Regular Budget allocations, US\$10 million towards the Foundation as General Purpose (non-earmarked) contributions and US\$116 million as Special Purpose contributions.

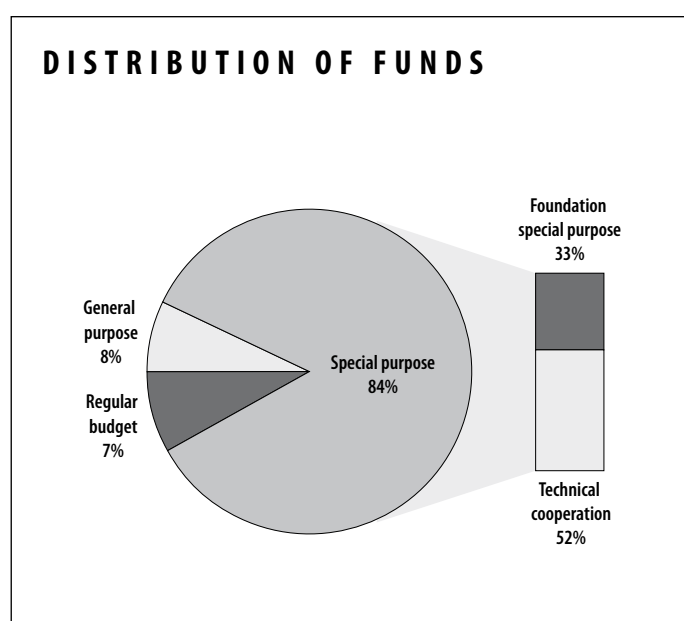
Of the Special purpose contributions, US\$44.5 million went towards the Foundation and US\$71.3 million towards Technical Cooperation activities. The growth in earmarked contributions was 15 percent compared to the 2005 figure of US\$100.9 million.

The main donors

The donor base for voluntary contributions continues to remain narrow with approximately 60% of the total contributions and over 90% of the non-earmarked (core) voluntary contributions being received from the top ten donors.

Trust Funds and Facilities

UN-HABITAT's aggressive fund raising campaign to capitalize the *Water and Sanitation Trust Fund*, *Special Human Settlements Programme for the Palestine People*" and the *Slum Upgrading Facility* has been supported by several donor countries as a sign of their commitment to the Millennium Declaration Goals on improving access to drinking water and sanitation as well as improving the lives of slum dwellers.



TOP TEN DONORS OF UN-HABITAT 2002-2006 (AS AT 31 DECEMBER 2006)

CORE CONTRIBUTIONS

2002		2003		2004		2005		2006	
US\$ 12,305,165		US\$ 16,680,387		US\$ 18,707,470		US\$ 19,271,420		US\$ 19,565,568	
Country	%	Country	%	Country	%	Country	%	Country	%
1 UN Regular Budget	51	1 UN Regular Budget	50	1 UN Regular Budget	44	1 UN Regular Budget	45	1 UN Regular Budget	48
2 United Kingdom	12	2 United Kingdom	9	2 Norway	13	2 Norway	11	2 Sweden	12
3 Norway	9	3 Norway	8	3 United Kingdom	10	3 United Kingdom	10	3 Norway	12
4 Sweden	5	4 Netherlands	8	4 Netherlands	8	4 Sweden	9	4 United Kingdom	10
5 USA	4	5 Sweden	5	5 Sweden	7	5 Netherlands	7	5 Netherlands	7
6 Italy	4	6 USA	4	6 Italy	4	6 Germany	3	6 Finland	3
7 Netherlands	4	7 Italy	3	7 USA	4	7 Italy	3	7 Germany	2
8 Finland	3	8 Finland	2	8 Finland	3	8 Finland	3	8 Japan	1
9 Japan	2	9 Japan	1	9 Germany	2	9 USA	3	9 USA	1
10 France	1	10 Germany	1	10 Japan	1	10 Japan	1	10 France	1
Others	4	Others	5	Others	4	Others	4	Others	3

earmarked contributions

2002		2003		2004		2005		2006	
US\$ 45,816,551		US\$ 43,526,450		US\$ 86,209,415		US\$ 114,380,299		US\$ 115,909,269	
Country	%	Country	%	Country	%	Country	%	Country	%
1 European Union	15	1 Netherlands	15	1 Japan	11	1 Italy	16	1 Sweden	11
2 Netherlands	11	2 Japan	8	2 Netherlands	8	2 Netherlands	11	2 Netherlands	10
3 Japan	6	3 Canada	5	3 European Union	5	3 Norway	6	3 Canada	9
4 Sweden	5	4 Norway	5	4 Canada	3	4 Japan	5	4 European Union	8
5 Belgium	4	5 Sweden	3	5 Sweden	3	5 European Union	3	5 Norway	7
6 United Kingdom	2	6 Italy	2	6 Norway	2	6 Sweden	3	6 Afghanistan	2
7 Switzerland	2	7 European Union	2	7 Belgium	2	7 United Kingdom	1	7 United Kingdom	2
8 Germany	1	8 Germany	1	8 USA	1	8 Libyan Arab Jamahiriya	1	8 Italy	1
9 Italy	1	9 USA	1	9 United Kingdom	1	9 Belgium	1	9 Switzerland	1
10 Afghanistan	1	10 Afghanistan	1	10 Italy	1	10 Germany	1	10 Libyan Arab Jamahiriya	1
Others	52	Others	56	Others	63	Others	53	Others	50

TOTAL CONTRIBUTIONS

2002		2003		2004		2005		2006	
US\$ 58,121,716		US\$ 60,206,837		US\$ 104,916,885		US\$ 133,651,719		US\$ 135,474,836	
Country	%	Country	%	Country	%	Country	%	Country	%
1 European Union	12	1 UN Regular Budget	14	1 Japan	9	1 Italy	14	1 Sweden	12
2 UN Regular Budget	11	2 Netherlands	14	2 UN Regular Budget	8	2 Netherlands	10	2 Netherlands	10
3 Netherlands	9	3 Japan	6	3 Netherlands	8	3 Norway	7	3 Canada	8
4 Japan	5	4 Norway	5	4 Sweden	4	4 UN Regular Budget	7	4 Norway	8
5 Sweden	5	5 Sweden	4	5 Norway	4	5 Japan	4	5 European Union	7
6 United Kingdom	4	6 Canada	4	6 European Union	4	6 Sweden	3	6 UN Regular Budget	7
7 Belgium	3	7 United Kingdom	3	7 Canada	3	7 European Union	3	7 United Kingdom	3
8 Norway	2	8 Italy	3	8 United Kingdom	3	8 United Kingdom	3	8 Afghanistan	2
9 Italy	2	9 USA	2	9 USA	2	9 Germany	1	9 Italy	1
10 Switzerland	1	10 European Community	1	10 Italy	2	10 Libyan Arab Jamahiriya	1	10 Switzerland	1
Others	45	Others	44	Others	55	Others	48	Others	40

SCHEDULE OF AGREEMENTS AND INCOME RECEIVED TOWARDS THE TRUST FUNDS / FACILITY **(AS AT 31 DECEMBER 2006)**

	Agreements signed in US\$ Equivalent					Income Received in US\$				
	2003	2004	2005	2006	Total	2003	2004	2005	2006	Total
Water and Sanitation Trust Fund										
Canada	11,313,000				11,313,000	2,306,250	2,995,110		3,444,119	8,745,479
Netherlands		5,000,000	21,305,177		26,305,177		1,700,000	8,470,000	8,981,492	19,151,492
Norway	1,495,744	1,782,068	6,804,748	4,289,724	14,372,284	1,495,745	1,782,068	6,804,748	2,144,862	12,227,423
Poland	3,000				3,000	3,000				3,000
Sweden			3,317,850	1,795,580	5,113,430			983,079	1,971,290	2,954,369
Total Water and Sanitation Trust Fund	12,811,744	6,782,068	31,427,775	6,085,304	57,106,891	3,804,995	6,477,178	16,257,827	16,541,763	43,081,763
Programme for the Palestinian People										
Al Maktoum Foundation			199,985		199,985			199,985		199,985
China		49,980			49,980		49,980			49,980
Oman		100,000			100,000		100,000			100,000
Sudan			67,380		67,380			67,380		67,380
Sweden		296,582			296,582		296,582			296,582
Russian Federation				50,000	50,000				50,000	50,000
United States of America	500,000				500,000	500,000				500,000
Total Prog. for the Palestinian People	500,000	446,562	267,365	50,000	1,263,927	500,000	446,562	267,365	50,000	1,263,927
Slum Upgrading Facility										
Design Phase										
Sweden		900,000			900,000		940,930			940,930
United Kingdom		900,000			900,000		450,000		450,000	900,000
Pilot Phase										
Cities Alliance			9,250,000		9,250,000			400,000	2,517,819	2,917,819
Norway				4,909,984	4,909,984				2,298,067	2,298,067
Sweden				4,143,646	4,143,646				3,189,755	3,189,755
Total Prog. for Slum Upgrading Facility	-	1,800,000	9,250,000	9,053,630	20,103,630	-	1,390,930	400,000	8,455,641	10,246,571

The milestones

The year 2006 was notable for two major achievements in the global quest for sustainable human settlements around the world – the biggest and most successful World Urban Forum yet held, and the historic inaugural meeting of the Asia-Pacific Ministerial Conference on Housing and Urban Development.

The year started with a call on world governments by Mrs. Tibaijuka to enact legislation that will ensure that women achieved gender equality in accessing human settlements. In an address to the Joint Meeting of the **Inter Agency Network on Women and Gender Equality** and the **OECD Development Assistance Committee**, she said: "In order to remove the barriers to gender equality in the human settlements sector, we must deal with housing laws and by-laws, urban planning regulations, laws dealing with property rights and inheritance rights, access to credit, and the list goes on," she said.

As powerful political interests around the world started to officially recognize sustainable urbanization as crucial to our common future, in February two landmark events occurred: the executive Commission of the **European Union** signed a Memorandum of Understanding with UN-HABITAT to strengthen joint research. Days later, in a historic first of its kind, the British **House of Commons** held a debate on Urbanisation in Developing Countries. Members of Parliament from all parties recognized that urbanisation in the developing world was both a challenge and an opportunity. The **Secretary of State for International Development, Mr. Hilary Benn**, paid glowing tribute to UN-HABITAT's work.

UN-HABITAT signed an agreement with **African Development Bank President Donald Kaberuka** in March to improve urban water and sanitation in African cities in coming years. At a signing ceremony during the 4th World Water Forum in Mexico City, it was announced the Bank provide funding worth US\$500 million. In Stockholm later that month, Mrs Tibaijuka presented **King Carl XVI Gustaf of Sweden** with a Special Citation in the 20056 UN-HABITAT Scroll

of Honour Awards for "his tireless campaigning to promote an environmentally sustainable human habitat".

In April, ministers responsible for housing and urban development from more than 30 African countries gathered in Nairobi for a special two-day session of African Ministerial Conference on Housing and Urban Development at which they adopted a new agenda to tackle urban poverty. The month ended with an official visit to the United Nations headquarters in Nairobi by Chinese **President Hu Jintao** on the last leg of an African tour during which he held talks on rapid urbanisation in Africa with Mrs. Tibaijuka.

Just four months after the House of Commons in London debated urbanisation, the **United States Senate** held a special session 4 May on urbanization in Africa at which Mrs. Tibaijuka was guest speaker. She personally met Senators **Mel Martinez, Russ Feingold** and **Barak Obama**, among others.

June ushered in the highlight of the year for UN-HABITAT when more than 10,000 participants from over 100 countries gathered in Vancouver for the Third Session of the **World Urban Forum** (*see Chapter 1*). The meeting which paved the way for a new drive forward on the international urban agenda in a world of rapidly growing cities, was the largest and most successful of the Forums which are held every two years.

The forum was the occasion at which the renowned urban planner and expert **Professor John Friedmann**, winner of the first United Nations Human Settlements Lecture award delivered his landmark address. It was also in Vancouver where UN-HABITAT launched its new report, the **State of the World's Cities 2006-7**. (*see Chapter 2*).

Following nomination by Mr. **Kofi Annan**, the former UN Secretary General, **Mrs. Tibaijuka** was re-elected Under Secretary General and Executive Director of UN-HABITAT for another term of four years. The election took place in New York during the United Nations General Assembly on 28th June 2006. Her new term runs until 31 August 2010. On 15 September Mr. Annan appointed her Director-General of the United Nations Office in Nairobi, the UN headquarters in Africa.

Ambassador **Inga Björk-Klevby**, Deputy Executive Director of UN-HABITAT addressed the high-level meeting of the United Nations Economic Commission for Europe on 19 September in Geneva. Through its offices in Geneva and Warsaw, she UN-HABITAT would focus its regional activities in Europe on regional development of the Global Land Tool Network (GLTN), better housing in southeast Europe, and the improvement of informal settlements, especially those of Roma people.

On a sad note in September, A UN-HABITAT staff member in Afghanistan, Mr. **Yar Mohammed**, was shot and killed in the western province of Farah by gunmen when his car was stopped outside the village of Shoorab on the Farah Main Road. Mrs. Tibaijuka called his murder "a senseless and needless act of barbarism against a UN employee who gave his life to help rebuild Afghanistan after years of conflict". A colleague travelling with him at the time was wounded. Mr. Yar leaves two sons and three daughters.

In the first week of October, cities around the world marked the 2006 celebration of **World Habitat Day**, which was launched at a glittering waterfront ceremony in the ancient Italian city of **Naples**. In keeping with a new tradition, the occasion celebrated on the theme, Cities – magnets of hope, wound up with a closing ceremony in the Russian Volga River city of **Kazan**.

UN-HABITAT received two prestigious awards in November for its work in helping resettle people under an Italian-financed housing and social integration programme for tens of thousands of war refugees and other vulnerable people in **Serbia**. The Council Salon of the 15th Salon of Urbanism awarded the agency for the implementation of the **Settlement and Integration of Refugees Programme** (SIRP). The agency was cited for "its successful realization of the SIRP Programme, the mobilization of development potential of seven cities, and the institutional organization of housing agencies in Serbian cities."

In Nairobi at month's end, Mrs. Tibaijuka met former United States Secretary of State **Madeleine Albright**. Ms. Albright told a meeting in the Kenyan capital: "Extreme poverty is a prison in which far too many people are trapped – a prison that is overcrowded and without justice. We need to find the key."

Two very special events marked the end of the year in December. For the United Nations and Africa, **Mr. Annan** paid

a whirlwind farewell visit to the UN headquarters. The other event was the historic first Asia-Pacific Ministerial Conference on Housing and Urban Development (APMCHUD) at which the world's most populous region took the cue from Latin American and Africa and agreed to establish a permanent secretariat so as to keep urbanisation problems at the top of the agenda. (see *Chapter 5*) .



UN-HABITAT

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